

**What is claimed is:**

1. A method of facilitating trading, comprising:
  - a. establishing a standardized form of contract for trading at a price on which a buyer and a seller agree, and having terms requiring the buyer and seller to settle based on a final settlement price; and
  - b. at least prior to a first reference time, facilitating trading of contracts based on said standardized form of contract through an exchange, a futures exchange, an options exchange, or a futures and options exchange;wherein said final settlement price is determined as follows:
  - i. determining a first level of a specified observable quantity (an "underlying"), at or around said first reference time;
  - ii. determining a second level of said underlying at or around a second reference time, determined in accordance with the contract terms, that is later than said first reference time; and
  - iii. determining, in accordance with the contract terms, the final settlement price by reference to both said first level and said second level, said final settlement price being determined as something other than a simple average of the two levels.
2. The method of claim 1, wherein said final settlement price so determined, for a given said first level, is one of:
  - i. zero, if said second level is less than or equal to a strike level; or
  - ii. substantially proportional to the excess of said second level over said strike level, if said second level is greater than said strike level;wherein said strike level is substantially said first level subject to a multiplicative and/or additive adjustment, if any.
3. The method of claim 1, wherein said final settlement price so determined, for a given said first level, is one of:
  - i. zero, if said second level is greater than or equal to a strike level; or
  - ii. substantially proportional to the excess of said strike level over said second level, if said second level is less than said strike level;

6 wherein said strike level is substantially said first level subject to a multiplicative  
7 and/or additive adjustment, if any.

1 4. The method of claim 1, wherein said final settlement price so determined, for a given  
2 said first level, is one of:

- 3 i. substantially proportional to the excess of said second level over a call strike  
4 level, if said second level is greater than said call strike level;
- 5 ii. substantially proportional to the excess of a put strike level over said second  
6 level, if said second level is less than said put strike level; or
- 7 iii. zero, if said second level is both less than said call strike level and greater than  
8 said put strike level;

9 wherein said call strike level is substantially said first level subject to a multiplicative  
10 and/or additive adjustment, if any, and said put strike level is substantially said first  
11 level subject to a multiplicative and/or additive adjustment, if any.

1 5. The method of claim 1, wherein said final settlement price so determined, for a given  
2 said first level, is one of:

- 3 i. zero, if said second level is less than or equal to a strike level; or
- 4 ii. substantially proportional to the square of the excess of said second level over  
5 said strike level, if said second level is greater than said strike level;

6 wherein said strike level is substantially said first level subject to a multiplicative  
7 and/or additive adjustment, if any.

1 6. The method of claim 1, wherein said final settlement price so determined, for a given  
2 said first level, is one of:

- 3 i. zero, if said second level is greater than or equal to a strike level; or
- 4 ii. substantially proportional to the square of the excess of said second level over  
5 said strike level, if said second level is greater than said strike level;

6 wherein said strike level is substantially said first level subject to a multiplicative  
7 and/or additive adjustment, if any.

1 7. The method of claim 1, wherein said final settlement price so determined, for a given  
2 said first level, is one of:

- 3 i. substantially proportional to the square of the excess of said second level over  
4 a call strike level, if said second level is greater than said call strike level;  
5 ii. substantially proportional to the excess of a put strike level over said second  
6 level, if said second level is less than said put strike level; or  
7 iii. zero, if said second level is both less than said call strike level and greater than  
8 said put strike level;  
9 wherein said call strike level is substantially said first level subject to a multiplicative  
10 and/or additive adjustment, if any, and said put strike level is substantially said first  
11 level subject to a multiplicative and/or additive adjustment, if any.

1 8. A method of facilitating trading, comprising:

- 2 a. establishing a standardized form of contract for trading at a price on which a  
3 buyer and a seller agree, and having terms under which the buyer is granted an  
4 option and the seller grants an option; and  
5 b. at least prior to a first reference time, facilitating trading of contracts based on  
6 said standardized form of contract through an exchange, a futures exchange,  
7 an options exchange, or a futures and options exchange;  
8 c. upon each valid exercise of said option by a buyer, facilitating the settlement  
9 associated with such exercise;

10 wherein said option is substantially either a call option, a put option, a straddle or a  
11 strangle over a quantity of a specified asset or other financial instrument, which the  
12 buyer may exercise during some specified time period(s), with strike price(s) (each)  
13 substantially the price of said specified asset or other financial instrument determined  
14 at or around said first reference time subject to a specified constant proportional  
15 and/or absolute adjustment, if any; and  
16 wherein said quantity is determined in accordance with the terms of the contract.

1 9. A method of facilitating trading, comprising:

- 2 a. establishing a standardized form of contract for trading at a price on which a  
3 buyer and a seller agree, and having terms which provide that the buyer is  
4 granted an option and the seller grants an option; and

5 b. at least prior to a first reference time, facilitating trading of contracts based on  
6 said standardized form of contract through an exchange, a futures exchange,  
7 an options exchange, or a futures and options exchange;

8 c. upon each valid exercise of said option by a buyer, facilitating the settlement  
9 associated with such exercise;

10 wherein said option is substantially either a call option or a put option over a specified  
11 quantity of further contracts, which the buyer may exercise during some specified  
12 time period(s), and with a specified strike price;

13 wherein said further contracts have terms as defined in claim 1.

1 10. A method of facilitating trading, comprising:

2 a. establishing a standardized form of contract, having terms which provide that  
3 a buyer and a seller enter into a specified number of further contracts, for  
4 trading at an overall price agreed by the buyer and the seller; and

5 b. at least prior to a first reference time, facilitating trading of contracts based on  
6 said standardized form of contract through an exchange, a futures exchange,  
7 an options exchange, or a futures and options exchange;

8 c. facilitating the settlement into said further contracts;

9 wherein said further contracts have terms as defined in claim 1.

1 11. A method of trading, comprising:

2 trading a contract based on a standardized form of contract through an exchange, a  
3 futures exchange, an options exchange, or futures and options exchange, by  
4 telephone, internet, a wide area network or otherwise;

5 wherein said standardized contract has terms as defined in any of claims 1, 9 or 10.

1 12. A computer system for submitting trade order information relating to a standardized  
2 contract, said trade order information being entered by a trader, to an exchange, a  
3 futures exchange, an options exchange, or a futures and options exchange;

4 wherein said standardized contract has terms as defined in any of claims 1, 9 or 10.

1 13. A computer system for transmitting trade order information reflecting the prevailing  
2 buying and selling interest of a standardized contract on an exchange, a futures  
3 exchange, an options exchange, or a futures and options exchange;

4 wherein said standardized contract has terms as defined in any of claims 1, 9 or 10.

1 14. A computer system for displaying trade order information reflecting the prevailing  
2 buying and selling interest of a standardized contract on an exchange, a futures  
3 exchange, an options exchange, or a futures and options exchange;  
4 wherein said standardized contract has terms as defined in any of claims 1, 9 or 10.

1 15. A method for settling trades by clearing, through a clearinghouse, standardized  
2 contracts;  
3 wherein said standardized contracts have terms as defined in any of claims 1, 9 or 10.

1 16. A computer program product containing a program for submitting trade order  
2 information relating to a standardized contract, said trade order information being  
3 entered by a trader, to an exchange, a futures exchange, an options exchange, or a  
4 futures and options exchange;  
5 wherein said standardized contract has terms as defined in any of claims 1, 9 or 10.